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October 1, 2004

Chairman Pat Miller
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: Direct Testimony of David W. Marshall
Docket No. 03-00391, Exemption of Certain Services

Dear Chairman Miller:

Enclosed for filing in the above-referenced docket is the original and thirteen copies of the Direct Testimony of Witness David W. Marshall filed on behalf of United Telephone-Southeast, Inc. Under cover of this letter, copies of this filing are being served upon all parties of record.

Please do not hesitate to call me at your convenience if there are any questions or concerns with this filing.

Sincerely yours,

Edward Phillips

HEP:sm

Enclosures

cc: All Parties of Record

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing Direct Testimony of Witness David W. Marshall filed on behalf of United Telephone-Southeast, Inc. upon all parties of record to this Docket by depositing a copy addressed to each in the United States Mail, first-class postage prepaid.

This 1st day of October, 2004.

Henry Walker, Esquire
Boult, Cummings, et al.
414 Union Street, #1600
Nashville, TN 37219-8062

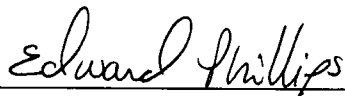
Guilford Thornton, Esquire
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Nashville, TN 37219

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Farris, Mathews, et al.
618 Church St., #300
Nashville, TN 37219



Edward Phillips
United Telephone-Southeast, Inc.

UNITED TELEPHONE-SOUTHEAST, INC.

TESTIMONY

OF

DAVID W. MARSHALL

BEFORE THE TENNESSEE REGULATORY AUTHORITY

DOCKET NO. 03-00391

OCTOBER 4, 2004

1 **Q. Please state your name, employer, business address, current position and**
2 **qualifications.**

3 A. My name is David W. Marshall. I am employed by Sprint, and my business address is
4 112 Sixth Street, Bristol, Tennessee. Since 1965, I have lived in Northeast Tennessee,
5 where I have been fortunate to have a twenty-five (25) year career with Sprint. My
6 career with Sprint includes: six (6) years serving in sales roles with increasing
7 responsibility, two (2) years in Business Product Management as Manager of Network
8 Services and Customer Premises Equipment products, and seventeen (17) years in Sales
9 and Service Management. Currently, I serve as Sprint Business Solutions Sales Manager
10 with responsibilities for all local \ long-distance wireline and wireless services in
11 Northeast Tennessee. I manage a group of eleven (11) salespeople in representing Sprint
12 services within a very competitive market. I am testifying in this proceeding on behalf of
13 United Telephone-Southeast, Inc. (UTSE or United).

14
15 **Q. What is the purpose of your testimony?**

16 A. The purpose of my testimony is to demonstrate the factual basis of competition to
17 UTSE's ISDN-PRI service and UTSE's case for exemption of ISDN-PRI service
18 pursuant to Tenn. Code Ann. § 65-5-208(b).

19
20 **Q. What are the statutory criteria by which a service may be exempted?**

21 A. While I am not an attorney, I understand that Tenn. Code Ann. § 65-5-208(b) requires the
22 Tennessee Regulatory Authority to exempt from regulation any telecommunications

1 service for which existing and potential competition is an effective regulator of the price
2 of those services.

3
4 **Q. What is the status of ISDN-PRI competition in Tennessee?**

5 A. United in Tennessee competes with facility based competitive local exchange carrier
6 KMC for ISDN-PRI customers. In addition, XTN, MountaiNet, and CityNet compete
7 with UTSE for ISDN-PRI customers. These CLECs own their own switching and
8 transport facilities in United's territory and generally only require the use of UTSE's last-
9 mile facilities to provision their ISDN-PRI services. These competitive local exchange
10 carriers compete with UTSE not just on the basis of offering competitive prices but also
11 by offering broader local calling areas than UTSE as well as fractional PRIs .

12
13 **Q. Are there other competitors to UTSE's ISDN-PRI service?**

14 A. Yes. AT&T, MCI, and US LEC are known to offer services which compete with UTSE's
15 ISDN-PRI service in Tennessee.

16
17 **Q. What evidence does UTSE have that these companies are offering PRI services in
18 Tennessee?**

19 Advertising publicly available indicates that these companies (CLECs and IXC's) offer
20 ISDN-PRI service in competition with United's ISDN-PRI service (See Exhibit A).
21 Further, UTSE's own sales experience supports its view of the competitive nature of
22 ISDN-PRI service in Tennessee.

1 **Q. What evidence does United Telephone-Southeast, Inc. have that there is true**
2 **competition to UTSE's ISDN-PRI offering?**

3 A. UTSE observes KMC aggressively competing for ISDN-PRI customers in terms of
4 pricing and marketing/sales efforts such that UTSE estimates it loses more than 50% of
5 head-to-head bids to KMC. This does not take into account the business growth that
6 KMC enjoys with their existing base or new customers that KMC serves. In addition,
7 UTSE believes that off-tariff Contract Service Arrangements (CSAs) are usually the
8 result of competition. The CSAs filed with the Tennessee Regulatory Authority by
9 United include those for ISDN-PRI.

10
11 **Q. Is the number of competitors the only factor to demonstrate that competition is an**
12 **effective regulator of the price of ISDN-PRI service?**

13 A. No. Certainly the fact that there are a number of companies offering ISDN-PRI services
14 throughout UTSE's service territory indicates that customers not only have choices of
15 providers, but also pricing choices. However, of significance in the demonstration that
16 USTE's ISDN-PRI service has competition and this competition is an effective regulator
17 of the price is the estimated bids lost to competitors. As stated previously, United
18 estimates that more than 50% of the head-to-head bids are lost to competitors of UTSE's
19 ISDN-PRI service.

20
21 **Q. What relief is United Telephone-Southeast, Inc. seeking in this docket?**

22 A. For ISDN-PRI, United is asking for the regulatory relief described in the Tennessee
23 Regulatory Authority's September 13, 2004 ruling regarding intraLATA toll.

1 Specifically, even though UTSE believes that existing and potential competition is an
2 effective regulator of the price for its ISDN-PRI service such that full exemption allowed
3 by law could be granted, United can agree that Price Lists be filed with the TRA
4 (effective upon filing) and that terms and conditions be maintained in tariffs on file with
5 the Authority, that existing customers be given 30 days' notice on rate increases, that
6 prices will not be below costs, and that federal resale obligations remain unaffected.

7
8 **Q. Does this conclude your testimony?**

9 **A. Yes.**



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KMC Dedicated Internet Access

KMC ISDN BRI-PRI Service

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KMC Carrier Terminating Access

KMC Collocation Services

Capabilities and Solutions

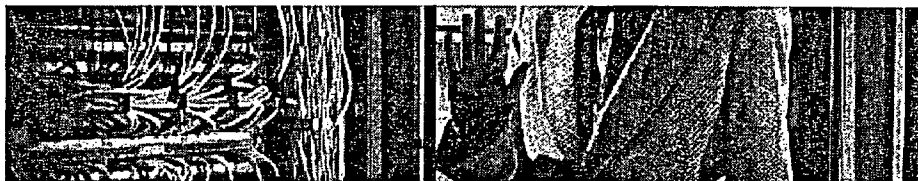
Infrastructure and Resources

KMC Solutions

KMC Service Area Maps

Advanced Communications Services

KMC Home



Products a

KMC PRI for Internet Service Providers

KMC PRI for ISPs gives you a fast and cost-effective way to provide dial-up customers in remote locations where you have no existing POP. Instead of points of presence of your own, you simply tap into our existing world-class infrastructure, and have your traffic delivered directly to your nearest local highly efficient PRI facilities.

The KMC National PRI Platform. If you have national or regional needs, KMC provide service that goes beyond the traditional areas served by CLECs. We bundle local and long distance backhaul to deliver your dial-up traffic wherever you want it. This allows you to reach parts of the country you cannot serve economically right now.

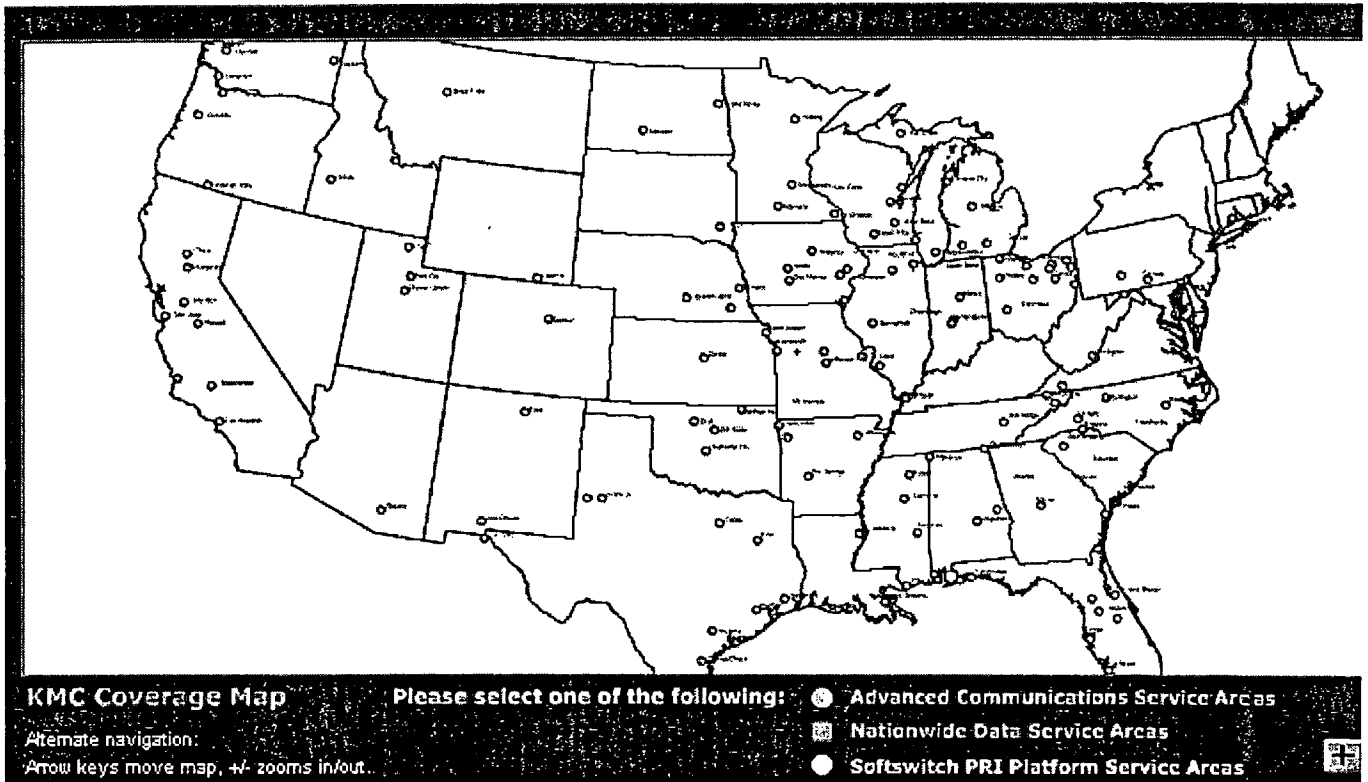
Choose any or all of 35 cities

KMC's world-class fiber optic network currently serves 35 Tier III cities in the United States (see our [Service Areas](#)). Your subscribers dial into our local phone numbers, and their traffic to you. We can provide service in any of our 35 cities, or cost-effective bundle service from all cities.


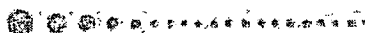
Your own local presence. With KMC PRI, you'll be providing customers with local phone numbers, a virtual requirement (no need to italicize this) in the competitive market. We work with you to determine which rate centers you want as part of your service, then acquire the local numbers and assign them to a single PRI. As you grow, KMC Telecom monitors your traffic and tells you when to add facilities.

Your ideal access partner. Since KMC doesn't have the overhead of some large telecommunications companies, we can pass the savings on to you — yet still deliver all the reliability and network performance you require. Our world-class fiber-optic network and experience with PRI assure you of the highest quality service for your customers.

To learn more, call a KMC professional at 877.562.6285.

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Business customers now have a choice in data and voice service with XTN

Our data options include PRI, T1, frame relay, DSL and other data services.

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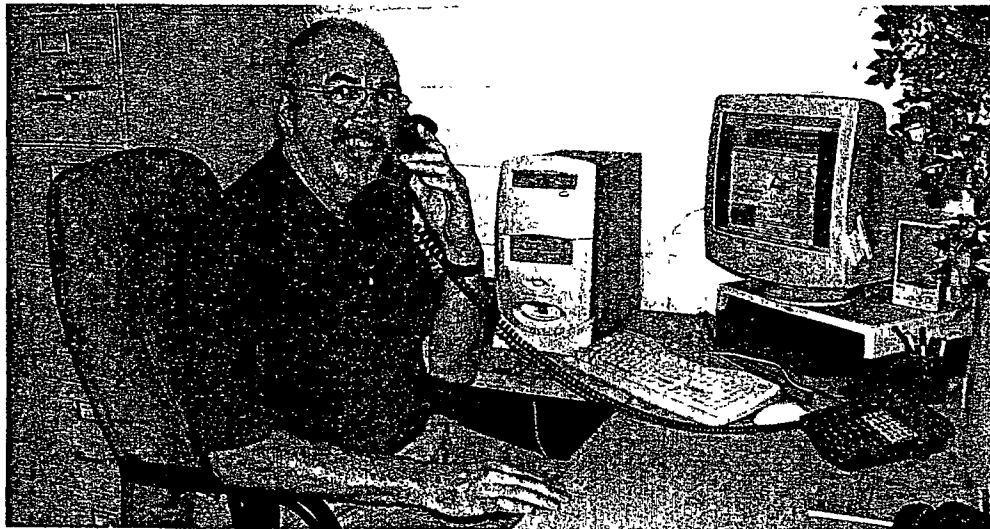
XTN can fulfill all your needs for voice and data services effectively, efficiently and at excellent rates. We are committed to providing you with exceptional service.

Data Overview

Request Service

"We're saving about \$600 per year and getting more services."

- Bill Richards, Abble Consumer Enterprises, Greeneville, TN



Abble Consumer Enterprises switched to XTN for high speed DSL, local phone service and long distance last year. "It was a smart decision," said Bill Richards, who operates the full-service insurance business in Greeneville with his partner, Harold Keller.

While cutting expenses for Internet and telephone services, Abble tripled its Internet speed, added calling features and reduced long distance costs.

Abble's motto is *Service, Prompt, Personal and Professional*. "We like to do business with local companies like XTN that also share a commitment to excellence," Bill said. "In selecting our Internet and telephone provider, we wanted somebody local. People at XTN know us by name. They understand our needs, and they work with us."

XTN delivers DSL, dial-up Internet and long distance to businesses and homes. The company provides phone lines, data lines and e-commerce solutions to businesses.*

Founded in Greeneville in 1994, XTN is part of Jones Media, which operates The Greeneville Sun, The Business Journal of Tri-Cities and a dozen other publications throughout eastern Tennessee and western North Carolina. XTN has offices in Greeneville, Blountville and Elizabethton.

*Service areas may vary.



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--The Business Journal of
the Tri-Cities of Tennessee/Virginia

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Data/Internet Service...

The Internet not only opens doors for your business but is essential for keeping your business in constant contact with your customers. Citynet offers Internet/Data Services that will keep your business in touch with your customers. In addition, Citynet offers value added Internet Services such as Web/Email Hosting, Web Site Design, Application Development and Online Marketing Services. Citynet can outfit your business with the correct Internet Service.

Internet Access

56 kbps Dialup Internet Access
ISDN Access
Satellite Access
Dedicated High Speed Internet Access
Integrated Voice/Data

IToneSM

Advantages and Benefits

Always on Reliable Internet
Cost Effective
Increase work efficiency

Data Services

The sharing and exchange of data between locations is paramount for the dissemination of information throughout your entire business. Citynet offers a vast array of data solutions tailored to meet your access needs. No matter how big the pipe, Citynet's data network will be able to link your offices together. Citynet offers solutions ranging from Frame Relay, Point-to-Point, Intercity Connections, Collocation, Dark Fiber, and SONET Data Solutions.

Data Services

Local Point to Point
Private local SONET ring
InterCity Private Line
CityLan Extension
Dark Fiber

Advantages and Benefits

Our business services are delivered over our fiber optic SONET backbone. Our data products can be combined with each other and integrated with our Voice Services and Internet Service for greater economies and accountability.

Citynet Home

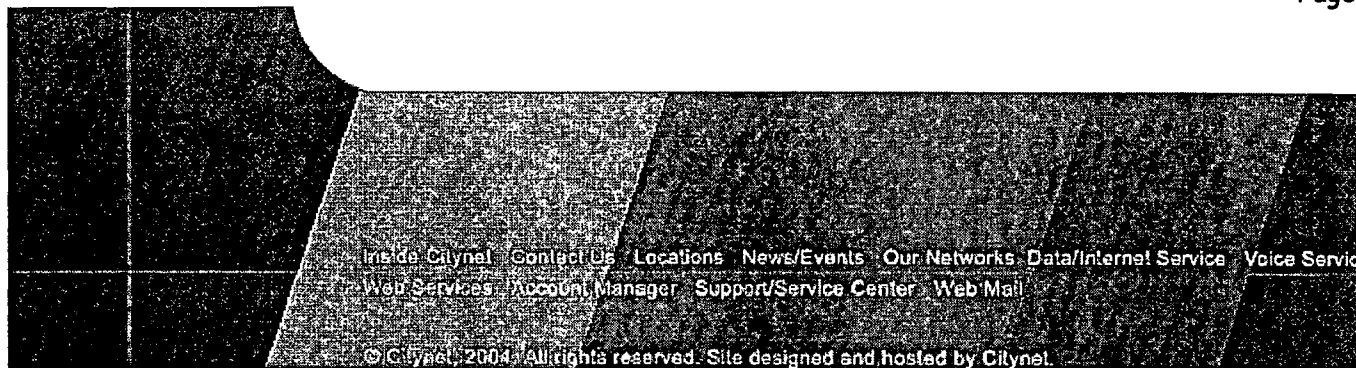
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- **Dial-up Account - Unlimited Access \$18.95 monthly***

MountaiNet can provide you with top-quality dialup Internet access at speeds up to 56k. Fast connections, consistent bandwidth/speed, and comparatively few busy signals or disconnects even at peak hours. Sign Up Now!
- **DSL**

Digital Subscriber Line (DSL) is a modem technology that can transform ordinary telephone lines into high-speed digital lines for ultra-fast Internet access. DSL technology allows a high-speed data signal to be transmitted short distances over these regular telephone lines. DSL provides switched, secure, unshared broadband Internet access without the throughput problems often experienced with a cable modem. Coaxial cable based systems, used by cable modems, have unsecured, shared segments where all users attached can "see" all the data transmitted across that particular segment. And, as the coaxial segments are shared, only one single user can transmit or receive data at any given time on any given coaxial segment. This is why the throughput rates on cable modem systems vary erratically during peak usage. MountaiNet currently has high-speed DSL available in much of the Tri-Cities area and may soon expand that coverage area.
- **ISDN**

Need something faster than 56k? ISDN may be your answer if you're looking for both low cost and high speed on a larger scale.
- **High Speed Broadband**

MountaiNet provides a variety of dedicated connectivity options, everything from ISDN all the way up to ATM and DS-3 connections are supported. Frame Relay support is provided for multiple site connections or when there is a need to cover long distances. Full and fractional T-1 point-to-point connectivity is supported and MountaiNet can multiplex up to four T-1 circuits to increase bandwidth and throughput to your site. MountaiNet even has DSL available in limited areas of our coverage footprint.

Our full DS-3, 45Mb network backbone and our OC192 Internet Gateway connection insures you always have adequate throughput and negligible latency delays. Our competitive bandwidth rates are among the lowest in our coverage area. Our main goal is to provide our customers with affordable, reliable Internet access.

In addition to dedicated connectivity, MountaiNet provides independent, live IP addresses to your business for use throughout your private network for servers and equipment. MountaiNet can also provide Domain Name Services (DNS) to route traffic to your web applications or enable you to deploy Intranet/Extranet applications.

MountaiNet understands connectivity and our expertise insures you always have reliable Internet access.
- **Lan-Wan Connectivity**

In order for a business to effectively utilize the power of the Internet, there first has to exist a dependable local area network interconnecting the resources on-site at your facility. While MountaiNet will always work with and support on-site networking personnel or service providers of your choosing, we can, through our affiliate partner program, provide LAN installation and support services if necessary. We have formed strategic alliances with select network service providers throughout our coverage area, chosen for their impeccable reputation and certified capabilities, to insure your business maximizes the use of our reliable Internet connections. From the smallest office to large, multi-point networks, MountaiNet can provide affordable and dependable networking services.

Wide Area Support - MountainNet can provide you with a wide variety of multiple point connection options to support a private WAN or Extranet network. A private Frame Relay cloud with individual connections to each site location is a cost effective method for providing connectivity across long distances. Full or fractional channelized T-1 connections between site locations can support both voice trunk lines and data traffic. MountainNet can provide cost effective multi-point connectivity.

Virtual Private Networking (VPN) is a relatively new technology that uses the Internet itself as the backbone connection between sites. Each site needs only a local connection to the Internet and VPN technology can be used to establish a secure, encrypted, point-to-point tunnel across the Internet. Virtually, it appears that all sites are directly connected together but the cost of interconnecting Telco circuits to each location is eliminated.

► **Backbone Collocation**

At each of our network backbone nodes, MountainNet has affordable collocation space available for rack-mounted servers and other equipment. If you require ultra high-speed access and the ability to move massive amounts of data quickly, our co-location spaces provide local connectivity directly onto our DS-3 backbone. Currently we have space available in the following areas:

- Norton, VA,
- Gate City, VA
- Johnson City, TN
- Knoxville, TN
- Chattanooga, TN

When latency, throughput and response times are critical, our co-location solutions provide the ultimate in Internet connectivity without the added expense of maintaining high capacity Telco circuits out to your physical site. You pay for only the bandwidth you need to service your own Internet access needs. The bandwidth for your web applications is provided directly from our network backbone. For mission critical, high-speed access or off-site redundancy, our secure collocation spaces are ideal solutions, eliminating the various expenses relating to on-site hosting.

*** NOTE** As of December 1, 2001, there will be a one-time activation charge applied to your first initial bill on all accounts*. Your account also includes two free E-Mail addresses and 5 MB of free MountainNet web storage space for your own personal web page!

[Top of Page](#)

A banner advertisement for MountainNet broadband. It features the MountainNet logo on the left. In the center, there is a large, stylized 'DSL' graphic. To the right of the graphic, the text reads: '512k downstream', '128k upstream', and '49.95 monthly'. Below this, it says 'free modem with deposit'. The background of the banner is dark with some abstract patterns.

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M-P

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